

State of Washington Escrow Commission

To Applicants for the Escrow Officer Examination:

The Escrow Commission congratulates you on your decision to seek licensure as an escrow officer from the Washington State Department of Financial Institutions (DFI). Successfully accomplishing that goal will place you among a small group of highly skilled people characterized by professionalism and high ethical standards, making this industry valuable to the public.

The first step toward becoming licensed as an escrow officer is acquiring the education needed to competently perform the required duties, and demonstrating that competency in a test administered by DFI. When you are ready to apply to take the examination, please visit DFI's website at <http://www.dfi.wa.gov/cs> or call (360) 902-8752. DFI will provide you the dates of the scheduled tests and the registration form. The cost to sit for the examination is a non-refundable fee as noted on the test registration form. Re-examination, if necessary, requires another full fee.

DFI expects licensees to be responsible for and competent in all areas of escrow. This is the only test of your knowledge for all areas of the escrow business. The Escrow Commission has advised DFI on the content of the examination and has attempted to make it a comprehensive test of your knowledge.

The examination is difficult. It takes most applicants about three hours to complete the test, which includes closing problems and multiple-choice questions. Applicants without practical experience are at a disadvantage. Additionally, good, practical experience is not sufficient alone to enable a candidate to pass the examination. When reading general real estate texts, understand that definitions used throughout the country may not conform specifically with Washington State Law.

Applicants should have a thorough knowledge of:

- The principles of real estate conveyancing and the general purposes and legal effects of deeds, mortgages, deeds of trust, contracts of sale, exchanges, rental and option agreements, leases, earnest money agreements, personal property transfers, and encumbrances;
- The obligations between principal and agent;
- The meaning and nature of encumbrances upon real property;
- The principles and practice of trust accounting; and
- The Escrow Agent Registration Act (RCW 18.44), related rules (WAC 208-680), and other applicable law such as the Real Estate Settlement Procedures Act (RESPA), 12 U.S.C. Sec. 2601, and Regulation X, 24 C.F.R. Sec. 3500.

You will find enclosed for your reference:

- Chapter 18.44 Revised Code of Washington, The Escrow Agent Registration Act
- Chapter 208-680 Washington Administrative Code, entitled Escrow – Organization and Administration.
- Trust Account and Record Keeping Reference Manual

In reviewing these documents, try to translate the sometimes legal or formal language into familiar concepts. This test will not ask you to quote the law or define terms, but you will need a working knowledge of the concepts and activities described in the law (RCW 18.44) and in the rules (WAC 208.680) supporting the law.

When you study the WAC section on trust accounting, make sure you know how to properly set up, operate, and reconcile your trust account. Be ready to determine whether trust accounting examples given on the test conform to the law and rules. The test may ask you to review scenarios to determine whether the activity described is in compliance with the law and rules.

Additionally, the Escrow Commission recommends the following study guides:

- ESCROW I, a course of study in escrow to be taken in a classroom setting or by self-study. A project of the Escrow Association of Washington and available for a charge by calling (206) 937-5008, e-mail at GrantEnt@aol.com, or mail requests to P.O. Box 16126, Seattle WA 98116.
- The Complete Guide to Washington Real Estate Practices, by Alan Tonnon, J.D., (4th edition), 1998, sold through Washington Professional Publications, (425) 451-0130, fax requests to (425) 643-7087, or mail requests to P.O. Box 1147, Bellevue WA 98009; and through larger retail and online bookstores.

Helpful websites include:

- www.access.wa.gov - Access Washington to link other related laws (e.g. RCW 62A, Title 9A, and other State laws referenced in RCW 18.44)
- www.dfi.wa.gov/cs – the DFI. Maneuver via buttons to view RCW/WAC/forms, etc.
- www.e-a-w.org – the Escrow Association of Washington
- www.hud.gov/index.html – U.S. Department of Housing and Urban Development. Pick a topic along the left side so you can get to a Search/Index capability for your needed subject, such as RESPA, which has definite requirements in settlement.

Several community colleges offer courses of study in Escrow, often as night courses. The Escrow Commission and DFI have not reviewed the contents of these courses and cannot offer any recommendations as to their curriculum or applicability. You may check with a local community college if you are interested in a course.

Sincerely,
Escrow Commissioners:

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Enclosures